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EXECUTIVE OFFICES 7 West 66th Street, New York 23, N.Y.

INDEPENDENT ACCOUNTANTS Price Waterhouse & Co.

TRANSFER AGENT Bankers Trust Company

REGISTRAR The Bank of New York

AMERICAN BROADCASTING- PARAMOUNT THEATRES, INC.

Annual Report 1960



COVER: On the studio monitors appear a cross-section of ABC-TV Network programs. From top left across: Yanki No!, 77 Sunset Strip, The Real McCoys, The Untouchables, My Three Sons, Cheyenne, Day in Court, Churchill—The Valiant Years, Bing Crosby, NCAA Football, Adventures of Ozzie and Harriet, The Flintstones, Presidential Debates, ABC-TV Network symbol, Donna Reed.

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The Year in Brief

		1960	1959
Income	ABC operating income	\$222,439,000	\$172,469,000
	Theatre operating income	86,281,000	91,139,000
	Merchandise sales and other income	25,717,000	24,349,000
	Total	<u>\$334,437,000</u>	<u>\$287,957,000</u>
Expenses	Operating and general expenses	\$295,427,000	\$254,003,000
	Depreciation	6,482,000	6,461,000
	Interest	2,347,000	2,227,000
	State, local and payroll taxes	7,311,000	6,441,000
	Federal income tax	<u>12,395,000</u>	<u>10,858,000</u>
	Total	<u>\$323,962,000</u>	<u>\$279,990,000</u>
Net Profit	Operations	\$ 10,475,000	\$ 7,967,000
	Capital gains	<u>1,342,000</u>	<u>187,000</u>
	Total	<u>\$ 11,817,000</u>	<u>\$ 8,154,000</u>
	Per share common:		
	Operations	\$2.50*	\$1.87
	Capital gains32*	.05
	Combined	<u>\$2.82*</u>	<u>\$1.92</u>
Dividends Paid	Total—Cash	\$ 4,218,000	\$ 4,347,000
	Per share preferred	\$1.00	\$1.00
	Per share common	\$1.00	\$1.00
	2% Stock Dividend—Common shares issued	82,994	
	Shares outstanding		
	Preferred	67,931	71,231
	Common	<u>4,232,731</u>	<u>4,149,362</u>
Financial Position	Working capital	\$ 64,833,000	\$ 52,034,000
	Fixed assets (net)	\$ 66,185,000	\$ 67,665,000
	Long-term debt	\$ 53,423,000	\$ 56,805,000
	Common stock equity	<u>\$ 90,140,000</u>	<u>\$ 82,624,000</u>
	Per share common	<u>\$21.30</u>	<u>\$19.91</u>
General	Stockholders of record	22,596	24,728
	Theatres	472	498
	ABC-TV Network affiliates	228	234
	ABC-Radio Network affiliates	<u>385</u>	<u>354</u>

*based on shares outstanding at end of each quarter

President's Letter to Shareholders



OUR Company continued to make substantial progress in 1960. Total income reached a record \$334,437,000, an increase of \$46,480,000 over the previous year. Net operating earnings after taxes were the highest in the history of the Company and represented an increase of 31% over 1959. These earnings rose to \$10,475,000 or \$2.50 per share from \$7,967,000 or \$1.87 per share in 1959.

Consolidated earnings after taxes, including capital gains, increased to \$2.82 per share from \$1.92 per share for the previous year. The principal capital gain in 1960 resulted from the cash portion of the sale of Disneyland Park stock. The balance of the capital gain on the Disneyland Park stock, which was deferred at the year end pending collection of notes payable over a five year period, has been realized in March of 1961 upon prepayment of the notes.

The ABC Division, comprising the television and radio networks and owned television and radio stations, achieved record income and earnings.

The ABC Television Network further strengthened its position among the competing networks. At the year end, it held the largest share of the television audience in the prime evening period in markets where the three networks have equal competitive facilities. Again for 1960, the ABC Television Network reported the largest dollar and percentage increase of all networks in gross time sales. These significant advances reflect the high degree of acceptance by the nation's viewers and advertisers of the broad spectrum of ABC-TV's programming. Having gained a preeminent position in entertainment and sports programs, the network has set its goals to achieve comparable status in news and public affairs. James C. Hagerty, formerly Press Secretary to President

Eisenhower, has joined ABC to direct this endeavor as Vice President in charge of News, Special Events and Public Affairs.

Our owned television stations also made substantial gains in audience, sales and earnings. Their local programming and local public service activities continued to be fully responsive to the best interests of their communities.

Our owned radio stations and the ABC Radio Network underwent organizational and programming changes resulting in improvement which is expected to continue.

Theatre business held at a good level, comparable to 1959, with the exception of the second quarter when business was adversely affected by the shortage of pictures caused by the Hollywood strike. Our Company continued its policy of divesting, or converting to more profitable purposes, marginal properties. At the close of 1960, our subsidiaries had interests in 472 theatres, 28 having been disposed of and two having been acquired during the year.

Am-Par Records, our record subsidiary, reported its best year. In its expanded operation, its Command label was one of the leaders in stereophonic record sales.

During the year, our Company expanded its interests in the foreign television field. Minority interests were acquired in television stations in Venezuela, Ecuador and in one to be established in Lebanon. These were in addition to interests held in television stations in Australia and in five Central American countries; the latter group being joined together in a commercial network. With the promise of international television in the coming years, further expansion is expected which will enable the Company to gain a broader position in the foreign television field.

The Company's other interests reported overall growth and improvement. These activities, which are described in this report, include ABC Films, Prairie Farmer Publishing, amusement centers and the electronic companies in which stock interests are held.

Our financial position remains strong. To sustain it in view of the Company's expected growth, particularly in broadcasting, and in keeping with the improvement in earnings, a 2% common stock dividend was paid at the year end. This supplemented the \$1.00 per share annual cash dividend.

There is much which attests to our growth in 1960. Our goals in 1961 and beyond represent stimulating challenge and opportunity.

Sincerely,

Leonard H. Goldenson

President

March 20, 1961

Financial and Operating Review

Net operating earnings after taxes increased to \$10,475,000 or \$2.50 per share from \$7,967,000 or \$1.87 per share for the previous year. Net capital gains of \$1,342,000, or 32¢ per share, include the gain resulting from the \$2,002,500 cash portion of the sale during 1960 of the Company's 35% stock interest in Disneyland Park for \$7,500,000. The \$5,497,500 balance of the sale price, originally payable over five years, has been prepaid in full during the first quarter of 1961, resulting at that time in a realization of the deferred capital gain, amounting to approximately \$3,846,000 after applicable Federal income tax.

Net Earnings

<i>Net Earnings After Taxes</i>	<i>1960</i>	<i>1959</i>
Operations	\$10,475,000	\$7,967,000
Capital gains	1,342,000	187,000
Total	<u>\$11,817,000</u>	<u>\$8,154,000</u>
Preferred dividends paid	\$ 69,000	\$ 198,000
Net applicable to common	\$11,748,000	\$7,956,000
Per share common:		
Operations	\$2.50*	\$1.87
Capital gains32*	.05
Combined	<u>\$2.82*</u>	<u>\$1.92</u>

*based on shares outstanding at the end of each quarter

Total cash dividends paid to our shareholders in 1960 were \$4,218,000 or \$1.00 per share on the outstanding common and preferred stock. At the year end, this was supplemented by a 2% stock dividend on the common stock.

Dividends

Total income increased 16% and was at a record level of \$334,437,000. Income of the ABC Division increased to \$222,439,000 from \$172,469,000 in 1959. Theatre income at \$86,281,000 decreased from the previous year's figure of \$91,139,000, partly due to the progressive disposition of theatre properties. There was a net decrease of 26 theatres in 1960 as a result of the Company's program of divesting marginal properties. Miscellaneous income, which includes income of the record and publishing subsidiaries, increased to \$25,717,000.

Income

The Company continued its policy of keeping a year ahead in debt payments. The installments normally due on July 1, 1961 and January 1, 1962 under the

Long-Term Debt

Book Value of Common Stock

Source and Application of Funds

Total depreciation amounted to \$6,482,000 of which \$3,698,000 was attributable to theatres, \$2,298,000 to the ABC Division and \$486,000 to other properties. \$2,906,000 was reinvested in theatre property additions and replacements. ABC capital expenditures of \$2,495,000 were principally for television studio and office facilities and equipment. Property additions of subsidiaries engaged in other operations amounted to \$386,000.

<i>Source and Application of Funds</i>		<i>1960</i>
Working capital at beginning of year		\$52,034,000
Source of funds		
Profit from operations	\$10,475,000	
Provision for depreciation	6,482,000	
Cash proceeds from capital gains transactions, after taxes thereon	2,276,500	
Notes receivable from sale of Disneyland, Inc. stock	5,497,500	
Amounts received as deferred income credited to advance payments	1,416,000	
Excess of collections over advances to affiliated companies	555,000	
		<u>26,702,000</u>
		\$78,736,000
Application of funds		
Dividends paid (cash)—Preferred	\$ 69,000	
Common	4,149,000	
Property and equipment additions and replacements	5,787,000	
Payments and prepayments of long-term debt		
Under Loan Agreement	2,500,000	
Other notes and mortgages	882,000	
Other, net	516,000	
		<u>13,903,000</u>
Working capital at end of year		\$64,833,000

Television

This past year was one of continued growth for the television industry. Despite some hesitation in the forward progress of the economy generally, television achieved new heights in audience and advertiser acceptance. Significantly, the ABC Television Network's rate of gain in both audience and advertising continued to exceed those registered by the industry as a whole.

During 1960, ABC-TV greatly strengthened its competitive position. At the year end, the network held first position in its share of audience during the prime evening hours in those markets where the three networks have equal station affiliations. It achieved second position in its share of the total national prime evening time audience. The national position is still affected by those certain markets in which ABC-TV's full program schedule is not carried because there are less than three stations available for network affiliation. Sixteen new full-time primary affiliates were added during the year, bringing the total to 115 with direct live coverage of over 88% of all television homes. The increase in the number of primary affiliates reduced the need for as many secondary station affiliates so that the total number of all affiliates was somewhat less in 1960 than in 1959.

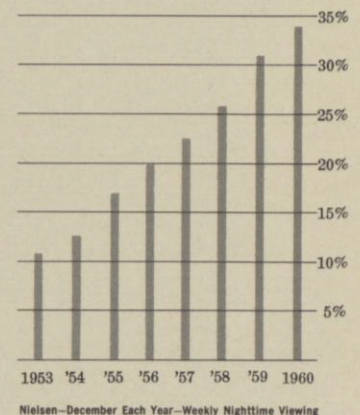
The network's share of nighttime home viewing hours (Graph A) rose from 32% of the three network total in 1959 to 34% in 1960. Gross time sales (Graph B) rose 26% over the previous year, which was again the largest percentage as well as dollar increase of the major networks.

ABC-TV's substantial growth in audience and advertiser billings reflected the strengthened program schedule which combined proven formats with pioneering showmanship. Among the new programs which premiered in the Fall, two shows quickly became leaders in audience popularity—THE FLINTSTONES, the first adult cartoon series and a departure in standard programming; and MY THREE SONS, a situation comedy starring Fred MacMurray. NAKED CITY and SURFSIDE SIX, among others, were notable successes in the drama and action-adventure category.

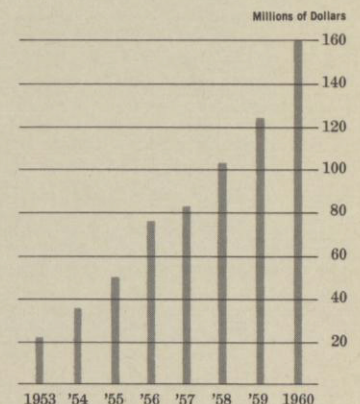
In its overall schedule, the network offered a broad spectrum of entertainment programs of diverse appeal . . . the warmth that comes from identification with situation comedies like THE REAL MCCOYS, LEAVE IT TO BEAVER, THE ADVENTURES OF OZZIE AND HARRIET, GUESTWARD HO . . . action westerns in the mold of LAWMAN, CHEYENNE, STAGECOAST WEST . . . exotic backdrops for intrigue in such programs as HONG KONG, ADVENTURES IN PARADISE, HAWAIIAN EYE . . . dramatic glimpses of an exciting yesteryear in THE UNTOUCHABLES and THE ROARING 20's . . . suspenseful pursuits with PETER GUNN, ROBERT TAYLOR IN THE DETECTIVES,

Programming

(A) ABC-TV's Share of
Network Home Hours



(B) Gross Time Billings



77 SUNSET STRIP...unusual westerns with the MAVERICK and RIFLEMAN touch ... WALT DISNEY PRESENTS and BUGS BUNNY for entire family enjoyment... music with LAWRENCE WELK... the world of fantasy in ALCOA PRESENTS ONE STEP BEYOND...and the world we live in as excitingly explored in EXPEDITION.

In addition to the regular variety of television fare, the network also programmed a number of popular entertainment specials. Among the personalities starring in these productions were Bing Crosby, Frank Sinatra, Elvis Presley, Victor Borge, Art Carney, John Wayne and Debbie Reynolds. ABC-TV acquired, for five years starting in 1961, the rights to telecast the coveted Academy Awards program which has consistently drawn one of the largest audiences in television history.

The network's policy to broaden its programming of sporting events was signally successful. The acquisition of NCAA college football and basketball, American League professional football, major league baseball, All-Star Golf, bowling and the only weekly network boxing show—all contributed to a most complete and comprehensive sports schedule.

ABC-TV continued to expand its daytime schedule with the addition of a

Entertainment programs featuring new and well-known stars in (1) drama (2) mystery-adventure and (3) variety



1



2



3



Popular ABC-TV personalities starring in (4) western adventure and (5) comedy programs

full hour of programming from 11:00 A.M. to noon each day. The development of daytime programming is an important factor in the overall growth of the network.

The past year was marked by the most ambitious expansion of public affairs and news programming. Unprecedented requirements for coverage of the presidential conventions, campaigns and election returns pre-empted more prime time than ever before. ABC produced the third and fourth face-to-face meetings of the Presidential candidates which added new stature and maturity to the medium. The third telecast was the most complex and combined all the technical skills of the medium to bring together the candidates while they were physically at opposite ends of the country.

In the international sphere, the continuing struggle with the Soviet Union was covered at the United Nations, with the appearances of Messrs. Khrushchev, Castro, Nasser and other world leaders; also at international meetings, including the Paris Summit Conference from which, by means of video-tape and trans-Atlantic circuits, daily developments were shown on American home screens the same evening.

In addition to the news stories and special events, ABC produced a series of timely documentaries which accurately analyzed major developments: *THE DARK AND THE LIGHT* foretold the African crisis; *KOREA—NO PARALLEL*, preceded the ouster of President Syngman Rhee; *ANCHOR IN THE EAST* appeared as the Japanese leftists rioted; and *HAITI: PARADISE IN CHAINS* warned of the poverty-born opportunity for Communism in the Caribbean.

Of particular significance was the sponsorship of such programs by advertisers. Bell and Howell *CLOSE-UP*, a series of provocative and controversial news specials, made its debut with a documentary on prejudice in the North which won strong commendation for its forthrightness. Other programs in this series analyzed the practices of fund raising organizations, the public apathy to propositions on local ballots at election time and an examination of the problems of

News and Public Affairs



A reading by Helen Hayes on "Directions' 61" — a program presenting views on the major religious faiths

technological unemployment. *YANKI NO!* was another close-up look at the threatening situation in Latin America, which received widespread critic and public acclaim.

A proud achievement for the network was the creation of the highly acclaimed weekly series, *WINSTON CHURCHILL—THE VALIANT YEARS*, with a musical score by Richard Rodgers and sponsored in its entirety since January 1, 1961 by Mead Johnson & Company. The Winston Churchill saga has already been released for television exhibition throughout the world.

New programs initiated on a regularly scheduled basis were *DIRECTIONS' 61*, presenting views of the major religious disciplines; *ISSUES AND ANSWERS*, providing in-depth discussion with national leaders; *ROUNDUP USA*, reporting regionally on matters of concern to the nation; and recently, *MEET THE PROFESSOR*, produced in cooperation with the National Educational Association and designed to stimulate interest in and understanding of the teaching profession.

Major awards received during the year were notably the Peabody, Saturday Review and Headliner Awards for the excellence of the network's coverage of Mr. Khrushchev's visit to the United States, and the Ohio State, Freedom Foundation and the 1960 Brotherhood Awards for the documentary on Dr. Dooley in Laos, *THE SPLENDID AMERICAN*.

Having gained a preeminent position in entertainment and sports programming, ABC has set its goals to achieve comparable status in news and public affairs—a field that can be expected to become increasingly important in a dynamic world environment of news and changing ideas and highlighted by the development of international television. James C. Hagerty, who has had broad experience in the newspaper field and who recently completed a distinguished eight year career as Press Secretary to President Eisenhower, has joined ABC to direct this endeavor as Vice President in charge of News, Special Events and Public Affairs.



(1) *"Cast the First Stone"*—a penetrating study of prejudice and discrimination on the Bell & Howell Close-Up series. Commended by Senator Proxmire who included the script in the Congressional Record. (2) *WINSTON CHURCHILL—"The Valiant Years"*—the widely acclaimed weekly series on the war-time memoirs of one of the century's greatest men. (3) *"The Great Debates"*—ABC Television production of the third meeting of the Presidential candidates when Mr. Kennedy appeared in New York and Mr. Nixon was telecast from Los Angeles.



ABC International

The year 1960 was one of continued growth for international television and our Company's participation in this field.

During the year, minority interests were acquired in stations located in Venezuela, Ecuador and in one to be established in Lebanon. These were in addition to interests held in television stations in Costa Rica, El Salvador, Guatemala, Nicaragua, Honduras and Australia.

In Venezuela, the station in Caracas went on the air in February, 1961. Relay stations are being built in Maracaibo, Valencia and Barquisimeto for complete coverage of all major Venezuelan markets.

In Ecuador, that country's first commercial television station, in which we have an interest, began commercial broadcasting in Guayaquil in December, 1960.

The television company in Lebanon, scheduled to begin operations in late 1961, will construct a new television station in Beirut, with relays anticipated to cover other key markets, if required.

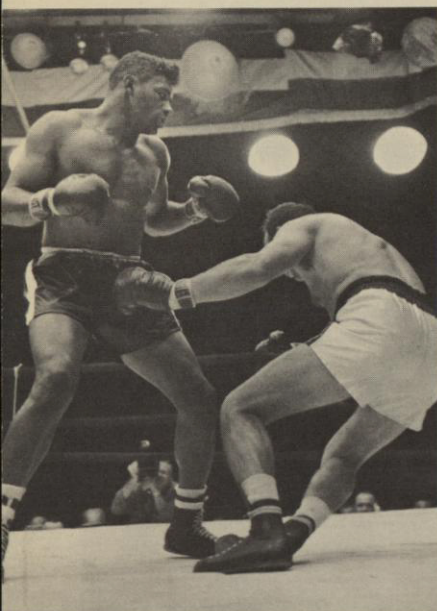
The Central American Television Network (CATVN), established with our Company's station partners in the five Central American countries, began operations in May, 1960. ABC International acts as sales representative for CATVN and it is gratifying to report that a number of major companies are now sponsoring programs on this network.

Television abroad is developing very rapidly, with a substantial increase in the number of stations in operation and sets in use. Much technical progress is being made in satellite transmission which will pave the way for simultaneous telecasting throughout the world. Its eventual development should contribute appreciably to the growth and vitality of the medium.



Mr. Goldenson describes ABC-TV's studio operation to President Haedo of Uruguay during the latter's visit to the Company in New York.

Radio



Sixty-one million people listened to the Patterson-Johansson heavy-weight championship fight exclusively on ABC Radio.

The ABC Radio Network made revisions in its network operation in keeping with the requirements of stations and advertisers, and in light of competitive factors. During 1960, the network added 31 affiliates. Acceptance of the network's programs among individual stations has shown a marked increase especially during the latter part of the year.

In recognition of new trends in network radio, ABC, in conjunction with The Intermountain Network and the Arizona Network, formed "ABC Radio West," a regional radio network designed to service the rapidly expanding eleven state area of the West, Southwest and Rocky Mountains.

Changes in programming were designed to better fit the individual affiliated station's image and to adapt this extensive public information medium to the wants and needs of our country's listening audience in the changing decade ahead. Specifically, new programming was highlighted by the creation of FLAIR, a 55 minute show which is aired five afternoons each week. FLAIR is hosted by Dick Van Dyke, star of the Broadway hit "Bye Bye Birdie," and features celebrity personalities and experts in their respective fields, designed to attract the large and rapidly growing market of younger adults. Since its start in October, FLAIR has received broad station acceptance. The long established and popular DON MCNEIL'S BREAKFAST CLUB continues as a leading program in the morning period. In June, ABC Radio carried exclusively the World Heavyweight Championship Fight, which attracted 61 million listeners, the largest audience to any single event in the history of advertising.


There was increased activity, and further expansion is planned, in news and public affairs programming. During the past year, five one-half hours per week of public service programs were added and newscasts were lengthened and increased with greater use of ABC commentators. Fifteen daily newscasts were carried on the schedule. Many hours of special events were devoted to the two major stories of the year — politics and international affairs.

A series featuring highlights of the special UN Security Council meetings on the U-2 incident, the Chiefs of States meetings and the Congo were also carried. Special reports from ABC correspondents afforded on-the-scene coverage from trouble spots around the globe. Edward P. Morgan and Quincy Howe were among ABC commentators cited for their news work by educational, fraternal and broadcasting organizations. ABC Radio continued its policy of broadcasting the weekly Presidential news conferences.


These programs were in addition to regular weekly religious programs broadcast in collaboration with the major faiths, labor-management series,

various educational programs and those produced in cooperation with governmental, civic and national organizations. Typical examples were CONTINENTS IN MOTION—a monthly documentary on worldwide economic and social conditions featuring UN Representatives; THE AMERICAN FARMER, a weekly program presented in conjunction with the Department of Agriculture; CHAUTAUQUA SYMPHONY, featuring great conductors and soloists; and PROJECT TOMORROW—a weekly documentary highlighting the programs of different national organizations.

“News Call”—special reports from correspondents supplied to affiliates to supplement their local news broadcasts with material gathered around the world, was substantially increased. A morning “News Call” was added to the one offered in the afternoon.



Owned Stations



The television owned stations experienced their most successful year of operation. These stations are located in five of the seven leading markets in the country; namely, New York, Chicago, Detroit, Los Angeles and San Francisco.

In addition to the gains made economically and in audience acceptance, these stations expanded their public service programming and local activities in order to best serve their respective communities. Highlights of their many and varied local programs and campaigns are noted below.

In New York, WABC-TV took a leading role in community action directed to the youth of the city. The station scheduled weekly high school football and basketball games in cooperation with the various school athletic associations. Outstanding student and faculty leaders participated in half-time interviews. The station programmed ASTRONOMY FOR YOU, a science series aimed at younger people. In order to constructively assist in the campaign against juvenile delinquency during the summer months, the station undertook an intensive on-the-air promotional campaign to urge employers to give summer jobs to teenagers. A special one-hour program, YOUTH, A SUMMER CRISIS, highlighted this campaign and was highly commended. EXPEDITION: NEW YORK was an original program series of high educational, cultural and entertainment value that covered such local subjects as New York's harbors, the garment industry and the work of the city's public school system. An Educational Service Department was established by the station to distribute study guides and educational material

Television

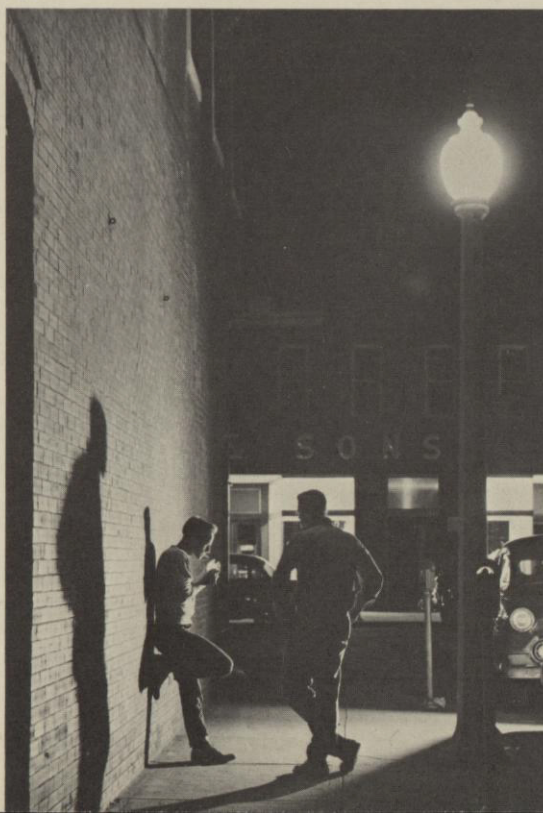
to schools. As an off-the-air public service during the 1960 election campaign, WABC-TV conducted a school for political candidates to assist office seekers in the proper use of television.

In Chicago, station WBKB highlighted the theme of science among its many fine local programming activities. PEACE REPORT, a five-part series treated ETHICS OF PEACE, PHILOSOPHY OF THE ATOMIC SCIENTIST, HOW THE MILITARY AND INDUSTRIALISTS SEEK PEACE and INSIDE ARGONNE; the latter program having received such acclaim that it was televised nationally on the network. Its program series, EXPEDITION SCIENCE, which covered educational, military and medical centers in and around Chicago, was developed and produced with the cooperation of the Chicago Board of Education, leading scientific and industrial concerns and the Universities of Chicago and Notre Dame.

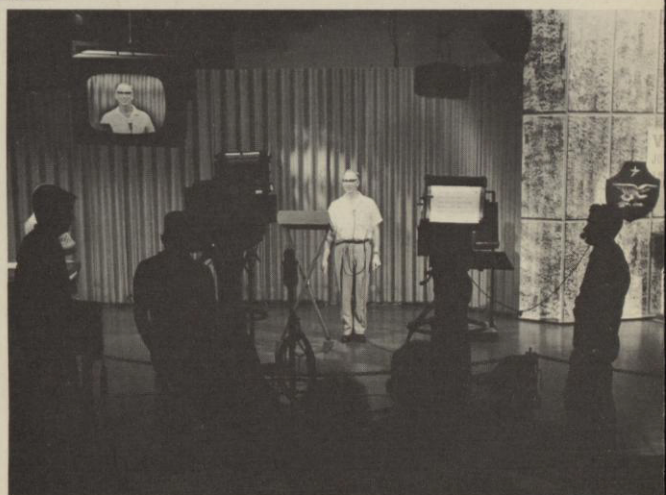
WXYZ-TV in Detroit continued to be a leader in public service activities. In addition to regularly scheduled public service programs, the station scheduled a special event honoring the 50th anniversary of the Boy Scouts. It was also the originating station for the four-hour election eve DIAL DICK NIXON network political broadcast, which was planned, coordinated and televised with only 45 hours notice. A program series of particular appeal is EXCITING YEARS which is produced in cooperation with the Henry Ford Museum and Greenfield Village. This series, which utilizes the historical exhibits of these institutions to document the development of our society, is endorsed by the Detroit public school system and is being used in its curriculum.

Highlighting the broadened activities of KABC-TV in Los Angeles was EXPEDITION-LOS ANGELES, which studied the reasons for the growth of the metropolitan area and what the future holds for its citizens. Other program series included TARGET-ALCOHOLISM treating the problems which alcoholism brings to families and communities and TALK BACK dealing with the relationship of Christianity to every day living. KABC-TV cooperated with the United States

1



2



(1) "Youth: A Summer Crisis"—Station WABC-TV's special program on the problems of young people in New York City. (2) "School of TV Techniques for Political Candidates"—produced as a public service by station KABC-TV, Los Angeles, prior to the 1960 elections.

Marine Corps and its Toys for Tots program by producing a circus. Over 17,000 children and parents overflowed the Los Angeles Arena. More than 22,000 toys were collected for distribution to underprivileged children.

In San Francisco, KGO-TV included such programs in its local schedule as a series of "Little Debates" analyzing the fifteen state propositions on the California ballot last November; BAGHDAD ON THE BAY, an informal conversation show featuring Herb Caen, noted columnist and celebrated guests; and an All Star Benefit for the Actors' Workshop. The series EXPEDITION-CALIFORNIA delved into the history of Northern California including such historical events as the San Francisco earthquake and the westward development of the railroads. These programs, fully supported by the schools, were of such broad interest that they were carried by other stations in the area.

The radio owned stations underwent changes in organization and programming, reflecting a market evaluation of local needs of the community and how best to serve them. These changes have resulted in improvement which is expected to continue.

Radio

Each station performed major service in the field of community and public affairs. Many public service programs and announcements with a value of hundreds of thousands of dollars were devoted to national and local causes. On Station WABC alone, for example, over 10,000 public service announcements were aired during 1960.

WABC New York expanded its news coverage and its community activities. Among the latter was a series of religious programs entitled "New York Religious Composite," a weekly 90 minute series produced in cooperation with various religious faiths. The station also ran a special marathon broadcast for the New York Heart Association and was credited with raising approximately \$50,000 as a result of this broadcast.

In Detroit, WXYZ greatly expanded its public service efforts. The station inaugurated a stimulating documentary series "Election Evaluation-Sixty," covering the political scene, locally and nationally. This was followed by "Decision Detroit," concerning local activities in the fields of health, housing and government. Typical of the programs covering a wide range of local audience interest were "Fun Alert," showcasing cultural and recreational facilities available in the city; the eight-day coverage of the 1961 National Auto Show; and extensive on-the-air promotion for the United Foundation Torch Drive.

WLS Chicago, like the other owned stations, also performed substantial public service in the fields of religion, the election and other matters of interest to Chicago and its surrounding area. The station has improved from last place among the major stations to where it is now almost the second highest rated station in Chicago.

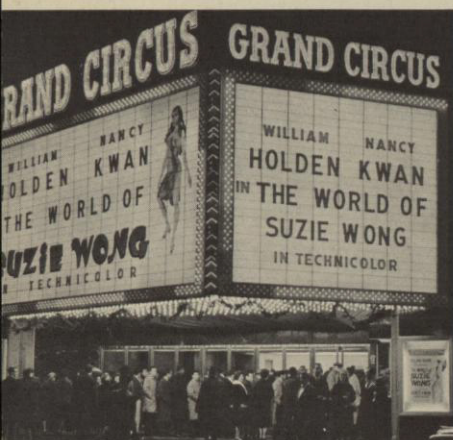
Highlighting the activities of KABC Los Angeles was a special "Public Service Project of the Month" during which a specific charity or community

enterprise was designated to receive the full support of the station for the particular month. KABC, long recognized as one of the top news stations in the area, expanded its news coverage by scheduling 15 minute newscasts on the hour throughout the day. Climaxing an eventful year, KABC moved into its new radio building.

KGO San Francisco throughout the year supported many local community projects. An example was the station's support of the American Cancer Society drive with the scheduling of daily reports by cancer specialists in the area. During the weeks approaching election, KGO cooperated with KGO-TV in carrying the series of "Little Debates" concerning the state propositions on the California ballot.

In Pittsburgh, KQV was again a leader in support of many worthwhile causes. KQV continued its very effective practice of donating newscasts to various organizations. For example, in January, 334 newscasts were broadcast in behalf of the March of Dimes; in February, 200 such newscasts were scheduled for the benefit of the Western Pennsylvania School for the Blind. This latter organization wrote the station that "such a wonderful contribution on your part makes the every-day 'thank you' seem somewhat meaningless." This was a typical response to the contributions each of our radio stations makes to its community.

The Grand Circus Theatre—recently renovated to become one of the finest theatres in Detroit.



Theatres

Theatre business was at a favorable level and comparable to the previous year with the exception of the second quarter. During that period, business was adversely affected due to the fewer pictures released because of the Hollywood strike at that time.

The quality of motion pictures remains the most important factor in current theatre business. While the public is more selective in choosing its entertainment, good pictures are attended in great numbers and have resulted in high grosses.

The major producing companies, which in recent years have concentrated on fewer but bigger productions, are planning to release many pictures of broad appeal during 1961. In addition to those pictures illustrated in this section, the millions of movie-goers can look forward to such attractions as: CIMARRON starring Glenn Ford and Maria Schell, ONE-EYED JACKS starring

Marlon Brando, PARRISH with Troy Donahue and Claudette Colbert, RETURN TO PEYTON PLACE starring Joan Crawford and Gene Tierney, ALL HANDS ON DECK with Pat Boone, PEPE with an all-star cast headed by Cantinflas, EXODUS starring Paul Newman and Eva Marie Saint, BY LOVE POSSESSED featuring Lana Turner and Efrem Zimbalist, Jr., THE DAY OF THE GUN starring Rock Hudson and Kirk Douglas, THE PARENT TRAP with Hayley Mills and Maureen O'Hara and DONDI.

Our theatres, which are located in approximately 262 communities in 36 states, are operated on a decentralized basis by subsidiary companies. At the year end, these subsidiaries had interests in 472 theatres.

Our Company has continued its policy of divesting marginal or uneconomic properties by sale, conversion to more profitable purposes and lease termination. During the year, twenty-eight theatres were divested and the resultant capital gains and losses largely offset one another. Two theatres, including a drive-in in Salt Lake City, were acquired.

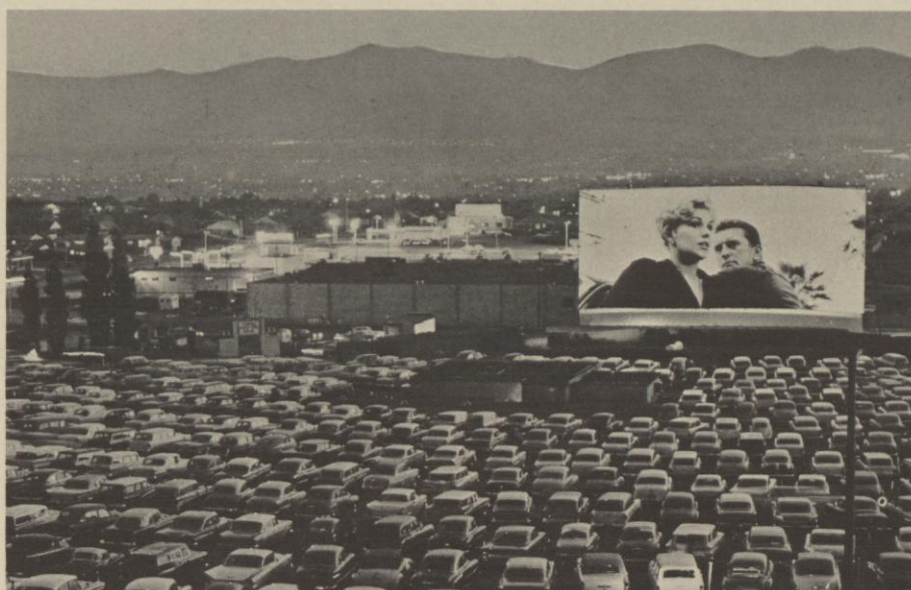
Certain properties have been refurbished in keeping with industry trends and changes in the community. For example, the Broadway Capitol Theatre in Detroit was completely renovated and renamed the Grand Circus, and is now one of the finest theatres operating in that city.

In Atlanta, a modern twelve story office building is being erected to replace a theatre. Our local theatre subsidiary has a long term lease on the property and a 50% equity in the building, which will have an insurance company as its principal tenant. In Chicago, a theatre is being demolished with the property being subleased on favorable terms to a company which intends to operate a large parking garage.

Theatre Properties



The modern 12-story office building being erected in Atlanta to replace a theatre.



The Motor-Vu Drive-In Theatre — recently acquired in Salt Lake City.

Motion Picture
Highlights of
the 1961
Season

1



2

3 4



1. "Fanny" stars Maurice Chevalier, Charles Boyer and Leslie Caron 2. "Come September" with Rock Hudson and Gina Lollobrigida 3. "Francis of Assisi" with Bradford Dillman and Dolores Hart 4. "The Four Horsemen of the Apocalypse" with Glenn Ford and Ingrid Thulin 5. "The Guns of Navarone" with Gregory Peck and David Niven 6. "West Side Story" with Natalie Wood and Russ Tamblyn 7. "The Absent-Minded Professor" with Fred MacMurray, Nancy Olson and Keenan Wynn 8. "Pleasure of His Company" stars Fred Astaire, Debbie Reynolds and Lilli Palmer

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Records

Am-Par Record Corp., our record subsidiary, reported its best year. Albums represent the major portion of Am-Par's sales, reflecting the industry trend to albums from single records.

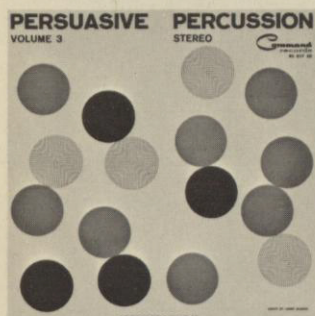
In its expanding business, Am-Par includes ABC-Paramount, Apt, Command and Grand Award record labels and two music publishing affiliates. In addition, Am-Par distributes records on the Chancellor label in the United States.

A significant contribution to Am-Par's excellent results in 1960 has been the Command Records of its Grand Award subsidiary, which is generally acknowledged to be the leading industry label in stereophonic recordings. Two Command releases, "Persuasive Percussion" and "Provocative Percussion," held first and second place on the best-selling stereophonic trade charts for over forty weeks, with later releases of Volume II of both titles recently receiving similar acceptance.

Individual artists on the ABC-Paramount label, such as Paul Anka, Ray Charles, Lloyd Price and Johnny Nash, continued to show high popular appeal. JoAnn Campbell, rated as one of the top recording vocalists, was a notable addition during the year.



Popular international singing star, Paul Anka, meets a group of his Finnish fans during a world tour.



Revenues from the expanding international market have continued to increase. During the year, Am-Par acquired a 50% interest in Festival Records of Sydney, Australia. The Festival Records organization is one of Australia's major record companies in manufacturing and distribution, with modern recording and pressing facilities. The acquisition of this record company should also prove beneficial for the sale and distribution of Am-Par's product in Australia.

Since the year end, Am-Par introduced its new Impulse label for contemporary music, with such top-rated jazz performers as Ray Charles, Kai Winding, J. J. Johnson and Gil Evans.

Film Syndication

ABC Films, Inc., which distributes television programs to stations, networks and advertisers, broadened its activities during the year. Three of its properties, *THE RACER*, *EXPEDITION* and *ALCOA PRESENTS* were purchased by national advertisers. The latter two programs were telecast on the ABC Television Network.

New properties are being planned both for domestic sales and for the rapidly expanding international market where ABC Films now has broad representation.



Exciting adventure on "The Racers," the program series starring John Ashley, Asa Maynor and Brian Kelly.

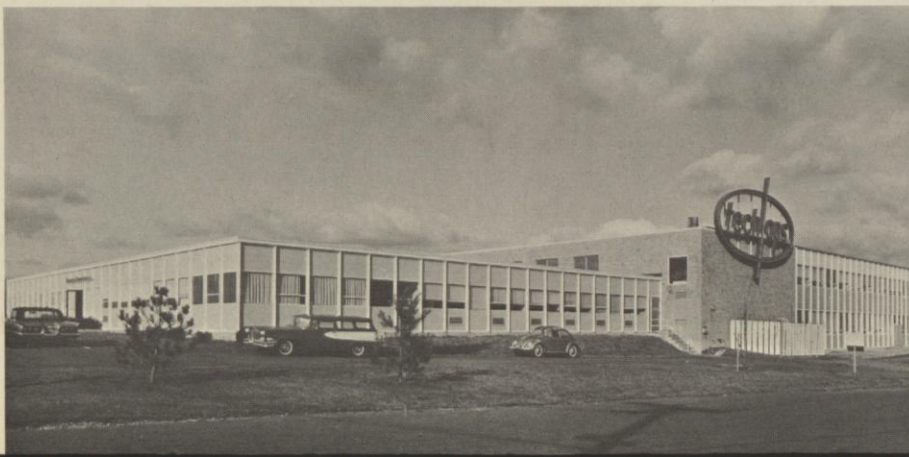
Electronics

The three electronic companies in which we have interests, provide a source of technical knowledge that has application to our communications business and provide close contact with the allied field of electronics. As growing companies, they have reinvested their earnings in the business. The market value of our stock interest in the two companies whose stock is publicly traded is substantially in excess of our investment of approximately \$800,000 in the three companies.

MICROWAVE ASSOCIATES, INC. (24% INTEREST) In its tenth year, Microwave's operations were expanded in all its major product areas of microwave tubes, ferrite devices, wave guide components, microwave semi-conductors and more recently, computer diodes. The company continued its profitable growth in 1960 and added 75% to its plant capacity. Its research programs have resulted in the development of many new products, as typified by the introduction of high reliability computer diodes for several major missile programs and the use of the company's varactor in a parametric amplifier used to track the Pioneer V space probe to a record distance of 10 million miles. During the past year, the amount of research activity was increased and nationally known scientists were added to the staff, occupying key technical positions in all divisions. As a result, the company expects to continue to be a leader in microwave solid state circuit technology, a field in which there has been a marked increase of interest, particularly following the FCC decision to release microwave frequencies for commercial use.


TECHNICAL OPERATIONS, INC. (21% INTEREST) Technical Operations reported improvement in sales and earnings in 1960. The company's non-military activities included semi-conductor power supplies, kodachrome-type film processing and radio-active isotope equipment for industrial radiography. Contract research and development continued to provide the major source of revenue and led during the past year to a new method of fabricating photo-sensitive materials for use in photocopy, microfilm and print paper

This photo of Technical Operations' plant was copied from a print made with the company's new experimental type photographic print paper.




applications. While this material is still in the laboratory stage, early results appear promising. In December 1960, the company's stock was listed for trading on the American Stock Exchange.

DYNAMETRICS CORP. (33% INTEREST) During the past year, Dynametrics readjusted its operations, placing primary emphasis on product development in the fields of weight measuring devices and force and pressure measurement systems. The major portion of its business, which is currently in these fields, has commercial applications in many industries. Dynametrics also provides contract engineering services and manufactures instruments which are used by government agencies and the aircraft and missile industries. The volume of its incoming orders in the current period is well ahead of the comparable period of the previous year.



Amusement Centers



WEEKI-WACHEE SPRING is a scenic attraction center, located 52 miles north of St. Petersburg, Florida, which is wholly-owned and operated by our local theatre subsidiary, Florida State Theatres. The major attraction at this 600 acre tourist center is an unusual underwater program performed by accomplished swimmers in a clear spring. A new auditorium was recently completed, accommodating 500 persons who can view the performance seated fourteen feet below the surface of the water. The natural habitat lends itself to further development of the Spring as a leading attraction to tourists visiting Florida.

The sale of the stock of Disneyland Park, noted previously in this report, did not affect the Company's operation of its profitable food concessions in the Park. Under existing arrangements, these concessions will continue to be operated by the Company for five years.

Audience viewing the underwater show in the new auditorium at Weeki-Wachee Spring.



Publishing

The Prairie Farmer group of agricultural publications, owned by subsidiaries of our Company, consists of Prairie Farmer in Chicago, Wallaces Farmer in Des Moines and Wisconsin Agriculturist in Racine. All three papers are more than a hundred years old. They have a combined circulation of 850,000 and cover the farm populations of Illinois, Indiana, Iowa and Wisconsin.

The papers have ranked consistently among the top five farm publications in this country in terms of paid advertising lineage. They are published in separate plants, each with its own staff. These staffs work on the principle of intensive editorial and commercial service to their subscribers in the coverage area of each paper.



All three publications have grown steadily in prestige and coverage. Confidence of both readers and advertisers has been enhanced by public service programs such as the Rural Teacher of the Year Award in five states, numerous youth awards and the promotion each year of the world's largest agricultural field day known as the "Farm Progress Show." In 1960, this event, which is now in its ninth year, drew 325,000 people to a three-day demonstration of the latest in farming and homemaking methods.

The press room in the Des Moines plant which handles commercial printing and binding as well as the production of Wallaces Farmer, 300,000 circulation.

American Broadcasting-Paramount Theatres, Inc.

ASSETS

	<i>December 31, 1960</i>	<i>January 2, 1960</i>
CURRENT ASSETS:		
Cash	\$ 19,898,470	\$ 20,868,717
United States Government securities, at cost which approxi- mates market	7,345,355	9,949,056
Accounts and notes receivable, less reserves:		
Trade accounts receivable	39,298,857	34,993,060
Secured notes receivable from Walt Disney Productions (See Note A)	5,497,500	
Other notes and accounts receivable	2,473,543	2,673,216
Broadcasting program rights, film costs and production ad- vances, less amortization	13,753,086	9,988,763
Inventory of merchandise and supplies, at cost or less	2,018,818	1,643,036
Prepaid expenses	1,647,878	2,502,716
Total current assets	<u>91,933,507</u>	<u>82,618,564</u>
 INVESTMENTS AND OTHER ASSETS, AT COST, LESS RESERVES (See Note B):		
Affiliated companies:		
Capital stocks	3,580,463	4,109,998
Advances	810,640	1,373,264
Notes and accounts receivable due after one year	906,774	950,198
Miscellaneous investments	2,416,963	2,618,706
Deposits to secure contracts	1,367,477	944,267
Deferred charges	1,976,095	2,138,528
	<u>11,058,412</u>	<u>12,134,961</u>
 PROPERTY AND EQUIPMENT:		
Land, at cost	23,534,485	23,046,039
Buildings, equipment and leaseholds, at cost	95,571,412	102,995,025
Less-Reserves for depreciation and amortization	(52,920,526)	(58,375,996)
	<u>66,185,371</u>	<u>67,665,068</u>
 INTANGIBLES, at cost	<u>13,067,127</u>	<u>12,852,585</u>
	<u>\$182,244,417</u>	<u>\$175,271,178</u>

Consolidated Balance Sheets

LIABILITIES AND CAPITAL

	<i>December 31, 1960</i>	<i>January 2, 1960</i>
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 26,997,810	\$ 30,426,811
Federal taxes on income	8,374,351	7,208,317
Less—U. S. Government securities	(8,374,351)	(7,208,317)
Notes and mortgages payable within one year	102,551	157,876
Total current liabilities	27,100,361	30,584,687
LONG-TERM DEBT:		
Notes issued under Loan Agreement (See Note C)	52,500,000	55,000,000
Other notes and mortgages	923,074	1,805,246
OTHER LIABILITIES:		
Advance payments, self-liquidating	3,894,117	2,477,637
Miscellaneous	850,109	1,001,933
Total liabilities	85,267,661	90,869,503
DEFERRED CAPITAL GAIN ON SALE OF DISNEYLAND, INC. STOCK (See Note A)	5,128,801	
INTEREST OF MINORITY STOCKHOLDERS IN SUBSIDIARY COMPANIES	349,655	353,173
CAPITAL STOCK AND SURPLUS (See Note D):		
5% Preferred stock, authorized 74,433 shares, \$20 par value		
Shares issued	1,488,626	1,488,626
Less—Shares held in treasury	6,500	
Shares outstanding	67,931	
Common stock, authorized 5,000,000 shares, \$1 par value		
Outstanding—4,232,731 shares	4,232,731	4,149,363
Capital surplus	48,844,365	45,829,624
Earned surplus	37,057,768	32,642,521
	91,623,490	84,110,134
Less—Cost of Preferred shares in treasury	125,190	61,632
	91,498,300	84,048,502
	<u>\$182,244,417</u>	<u>\$175,271,178</u>

Consolidated Profit and Loss and Surplus Accounts

PROFIT AND LOSS ACCOUNTS

	1960	1959
INCOME:		
Television and radio time and program sales, less discounts, rebates and commissions to advertising agencies	\$222,438,560	\$172,468,528
Theatre admissions, rentals and vending profits	86,281,176	91,139,286
Merchandise and record sales, publishing and other income	25,602,277	24,277,993
Dividends from affiliated companies	114,843	71,604
	<u>334,436,856</u>	<u>287,957,411</u>
EXPENSES:		
Operating expenses, cost of merchandise sold, selling and administrative expenses and sundry taxes	302,696,567	260,345,895
Depreciation and amortization of buildings, equipment and leaseholds	6,481,996	6,461,040
Interest expense	2,346,898	2,226,772
Profits applicable to minority stockholders in subsidiary companies	41,215	98,353
Federal income tax	12,395,429	10,857,980
	<u>323,962,105</u>	<u>279,990,040</u>
PROFIT FROM OPERATIONS	10,474,751	7,967,371
CAPITAL GAINS, net, after applicable Federal income tax and, in 1959, \$120,000 reserve for losses on collections (See Note A) ..	1,342,633	186,792
PROFIT FOR THE YEAR	<u>\$ 11,817,384</u>	<u>\$ 8,154,163</u>

SURPLUS ACCOUNTS

	Earned	Capital
BALANCE AT BEGINNING OF YEAR	\$ 32,642,521	\$ 45,829,624
ADD or (DEDUCT):		
Profit for the year	11,817,384	
Dividends:		
Paid in cash—		
5% Preferred stock at \$1.00 per share	(69,031)	
Common stock at \$1.00 per share	(4,149,456)	
Paid in Common stock—		
2% on Common stock	(3,183,650)	3,100,656
Settlements and costs of anti-trust litigation applicable to period prior to January 1, 1950 (See Note F)		(94,893)
Proceeds in excess of par value of 375 shares of Common stock issued upon exercise of stock purchase option		8,978
BALANCE AT END OF YEAR	<u>\$ 37,057,768</u>	<u>\$ 48,844,365</u>

Notes to Consolidated Financial Statements

BASIS OF CONSOLIDATION:

Included are all subsidiary companies in which the common stocks are wholly owned directly or indirectly by American Broadcasting-Paramount Theatres, Inc. and the few companies which are owned to the extent of 75% or more.

NOTE A—SECURED NOTES RECEIVABLE FROM WALT DISNEY PRODUCTIONS:

Notes receivable of \$5,497,500 from Walt Disney Productions, originally payable over five years, were prepaid in full on March 17, 1961. These notes represented the unpaid portion of the proceeds from the sale by the Company in 1960 of its 35% stock interest in Disneyland, Inc. for \$7,500,000. The cash proceeds of \$2,002,500 received in 1960 resulted in a capital gain of \$1,401,750 after applicable Federal income tax. The additional capital gain of \$5,128,801, which was deferred in the accounts at December 31, 1960, was realized on the date of such prepayment, amounting, after provision for applicable Federal income tax, to approximately \$3,846,000.

NOTE B—INVESTMENTS AND OTHER ASSETS:

The miscellaneous investments include \$2,187,101, the carrying value of unliquidated investments in certain theatres sold. These investments consist of stock and property interests sold since January 1, 1950 under contracts of sale secured by liens on the assets disposed of, at prices amounting in the aggregate to \$9,530,550. The sales prices, with interest thereon in most cases, are payable in instalments which in some cases are fixed periodic amounts but in the main are variable contingent amounts determined by the contractual provisions of the particular sale, and have final maturities in various years extending to 1983. Of the total sales prices, \$8,070,023 remained uncollected at December 31, 1960 and the difference between this amount and the present carrying value of the investments is a contingent profit which will be taken into the profit and loss accounts proportionately over future years as additional instalments of the sales prices are collected.

Deferred charges at December 31, 1960 include \$1,683,114 for catalogue values of Grand Award Record Co., Inc. to be amortized over the next six years.

NOTE C—NOTES ISSUED UNDER LOAN AGREEMENT:

These comprise 4.2% notes in the amount of \$52,500,000 payable \$1,250,000 semi-annually from July 1, 1962 to and including July 1, 1972; \$1,625,000 semi-annually from January 1, 1973 to and including July 1, 1977; and \$10,000,000 on January 1, 1978.

NOTE D—CAPITAL STOCK AND SURPLUS:

Under stock option plans approved by the stockholders, 371,970 shares of common stock are reserved for issuance to officers and employees. During 1960 options were granted for 12,200 shares at a price of \$42.64 per share; an option for 375 shares was exercised at \$24.94 per share; and, in compliance with the Plans, the number of shares called for by options outstanding on the record date for the common stock dividend were increased by 2% and the option prices reduced accordingly. There were outstanding on December 31, 1960 under the 1950 Common Stock Option Plan options which entitled the holders to purchase 18,870 shares of the Company at \$24.686 per share on or before March 23, 1963, and under the 1959 Restricted Stock Option Plan (1) options issued September 21, 1959 for 177,225 shares at \$24.451 per share on or before September 21, 1966, and (2) options issued December 19,

1960 for 12,200 shares at \$42.64 per share on or before December 19, 1967. Options issued under the 1959 Plan become exercisable cumulatively to the extent of 25% of the original number of shares, as adjusted for the stock dividend, at the end of each of the second, fourth, fifth and sixth years from date of issuance. Options for an additional 163,675 shares permitted to be issued under the 1959 Plan remained unissued at December 31, 1960.

The Company is required in each year to set aside cash as a sinking fund for the redemption of 24,322 shares of 5% Preferred Stock, and is permitted to take credit at the sinking fund redemption price of \$20 per share, par value, for any shares which it may have purchased or redeemed otherwise than through the sinking fund. Shares have been applied in full satisfaction of the sinking fund through 1960 and 345,538 additional shares purchased or redeemed are available for sinking fund requirements of subsequent years.

Under the Loan Agreement there are certain restrictions on the Company in declaring or paying any dividends (otherwise than in shares of capital stock of the Company) or making, or permitting any "restricted" subsidiary to make (otherwise than in shares of capital stock of the company) any purchase, redemption or retirement of, or any other distribution upon, any shares of capital stock of the Company. Of the consolidated earned surplus at December 31, 1960, approximately \$11,006,000 was not restricted as to payment of dividends or purchase or redemption of stock.

NOTE E-RENTALS UNDER LEASES OF REAL PROPERTY:

American Broadcasting-Paramount Theatres, Inc. and its consolidated subsidiaries were liable as of December 31, 1960 under 261 leases of real property expiring subsequent to December 31, 1963 under which the minimum annual rental was approximately \$5,207,000. The minimum annual rentals stipulated in these leases which expire during the three five-year periods ending December 31, 1978 and subsequent to that date are as follows:

Leases expiring:

During the 5 years ending:

December 31, 1968	\$1,964,000
December 31, 1973	1,022,000
December 31, 1978	1,096,000
Subsequent to December 31, 1978	<u>1,125,000</u>
	<u>\$5,207,000</u>

NOTE F-CONTINGENT LIABILITIES:

The Company and its subsidiaries have contingent liabilities under pending litigation, including anti-trust suits, to many of which a predecessor company, Paramount Pictures Inc., and other major motion picture companies are defendants. Under the Plan of Reorganization of Paramount Pictures Inc., the Company assumed 50% of the expense and liability incurred in connection with anti-trust litigation where distribution and exhibition are involved and which is based upon occurrences prior to the dissolution of Paramount Pictures Inc. on December 31, 1949. Payments of \$94,893 made during the year with respect to such litigation were charged to capital surplus.

The Company has an obligation to the sellers of The Prairie Farmer Publishing Company measured by a percentage of profits of that company and its subsidiaries over the next 5½ years. The amount of liability is not presently determinable but any payments will represent additional intangibles not presently subject to amortization.

Opinion of Independent Accountants

PRICE WATERHOUSE & CO.

56 PINE STREET

NEW YORK 5

March 20, 1961

To the Directors and Shareholders of
American Broadcasting-Paramount Theatres, Inc.

In our opinion, the accompanying consolidated balance sheet and related statements of profit and loss and surplus, together with the explanatory notes, present fairly the financial position of American Broadcasting-Paramount Theatres, Inc. and consolidated subsidiary companies at December 31, 1960 and the results of their operations for the fiscal year (52 weeks) then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

Entertainment and Public Service for the American Family through Communications

